

Childcare – the big problem of little people ^[1]

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EXCERPTS

In a week dominated by speculation about his political future, Tony Abbott was putting on a brave front trying to convince Australians that he would tidy up the mess that is Australia's childcare system.

Sitting among the playdough and pegboards at a Sydney childcare centre, the prime minister and his wife Margie spoke with staff and parents about the chronic frustrations which beset early childhood education and care.

"For Australia to enhance its future prosperity over the long term, greater access to quality early childhood education and care for all children needs to be a priority."- Samantha Page

"We all want the best for our kids and that means the best possible early childhood education," he told them.

"All that is expensive. What we are looking at is a way to make childcare more affordable and accessible. That's our big challenge for this year. We have to find a way."

No one who comes into contact with the childcare sector would argue with that stance. Long waiting lists, high fees, low staff wages and high turnover, far reaching reforms to quality standards and an unwieldy rebate scheme have resulted in a system which sector leaders describe variously as "chaotic" and a "bureaucratic quagmire".

Families, employers and the government agree the sector needs an overhaul and the federal government has announced it will make childcare a priority, with Abbott last week embarking on a "listening tour" to consult with parents and industry leaders.

While the Prime Minister consults, there remains scant information on the federal government's families package, which replaces the dumped \$5.5 billion Paid Parental Leave scheme. Abbott has promised more detail after he speaks with the sector in a move some see as simply buying time while he tries to detangle some knotty problems.

Big businesses are still waiting to hear whether they will face a 1.5 per cent levy intended to raise \$2.5 billion, originally earmarked for the PPL scheme. Australian Chamber of Commerce and Industry chief Kate Carnell has already said the levy on 3400 businesses should have been ditched at the same time as the PPL.

Childcare peak groups argue the levy is vital to funding the reforms they say are necessary to create a sustainable system which will provide both quality early education and an incentive for women, in particular, to do more work outside the home.

"The number one reform objective is to make childcare more accessible and more affordable for low and middle income families," said John Cherry, advocacy manager with non-profit childcare giant Goodstart Early Learning.

"The number two objective is to continue to raise the quality of care so that children have a better start to their school education. The number three one is to make sure that vulnerable children are getting the support that they need. That costs money."

Goodstart supports the levy because, as Cherry noted: "Big business is the biggest beneficiary of improved workforce participation."

Analysis by the National Centre for Social and Economic Modelling released last year showed that women with children in care generate \$7 billion in tax revenue each year, exceeding the \$6 billion paid towards government childcare subsidies.

"That is a lot of women making big contributions to the economy and to their employers," he said.

He warned that subsidies under consideration as part of the reform need to be better directed to women on lower and middle incomes to encourage them to do more paid work.

"Low and middle income earners are particularly price sensitive to childcare," he said. "If the reforms are targeted where they will make the most difference, you will see the benefit in increased workforce participation."

Early Childhood Australia chief executive Samantha Page also wants to see funds from the PPL re-directed into services, saying that increasing productivity in the short term should not be the sole focus of the reform.

"The best and most efficient way to improve productivity is to invest in early childhood development - from birth to age five - particularly in disadvantaged children," she said.

"For Australia to enhance its future prosperity over the long term, greater access to quality early childhood education and care for all children needs to be a priority."

A report by PricewaterhouseCoopers released last year found the benefit to GDP for children receiving a quality education and care program was worth \$10.3 billion cumulative to 2050. For children whose parents were in the lowest income bracket, the amount was \$13.3 billion cumulative to 2050.

Leanne Gibbs, chief executive of the Community Child Care Co-operative NSW, acknowledges:

"The argument comes down to who pays. We believe big business and government should contribute because they will get that return on investment."

Gwynn Bridge, president of Childcare Alliance Australia which represents providers, supports the government's quality reforms, which include improved staff numbers and qualifications, but warns they will come at a price.

Childcare fees in NSW and Victoria have risen by 8 per cent in the past 12 months, with operators predicting steep increases next year when new staff ratios are introduced.

Bridge believes greater flexibility around the numbers would ease supply pressures, particularly on places for children aged under three.

"We think that if centres had more flexibility, they would be able to pick up more baby numbers," she said.

"We have a situation where centres end up with long waiting lists for 0-3-year-olds but they can't fill places for 3-5-year-olds. We need to work with government to figure out a way where we can meet demand and not have those empty spaces while parents are desperate to return to the workforce and we think there is a strong case for flexibility."

Brendan McAssey, chief executive and founder of premium childcare provider Only About Children, also strongly supports quality care and strong staff to child ratios.

However he warns that a proposal to offer government subsidies to nannies, flagged in the Productivity Commission's draft report into childcare, is a looming disaster.

"That will provide an incentive for people to move out of the childcare industry and into nannying," he said.

"It will drain qualified staff from a sector which is already in crisis in terms of staff shortages and it will come on top of the new ratios which require centres to increase staff numbers. If people think that will drive down fees, they are sadly mistaken."

United Voice, the union representing childcare staff, has also raised the alarm about workforce sustainability, saying 180 workers leave the sector each week.

National secretary David O'Byrne said the government's commitment to preserve the new quality standards as part of its reform would help stem the tide.

"Saving the national quality standards is a huge win for parents, educators, and early childhood experts but most of all it's a win for children because a high quality early childhood sector gives them the best start in life," he said.

"These standards are critical to their safety and wellbeing. That's why they are the key to parents' willingness to return to work after having children."

But many parents - particularly those in inner areas of Sydney and Melbourne - find themselves with limited childcare options when they return to work, something which Jo Briskey, executive director of advocacy group The Parenthood, says could be addressed by improved planning.

"When I was about six months pregnant with my daughter a friend asked me if I'd put my name down on waiting lists and I thought, 'What?'," she said. "It can take more than a year to find a place in some areas. That's a significant challenge."

"In inner-city areas and suburbs with a high proportion of families where both parents work outside the home, there will always be strong demand. Then you have other areas where there is an oversupply of places. There needs to be much better co-ordination between planning authorities to ensure that the centres are being established where they are needed."

One thing the sector leaders are keen to see is a copy of the Productivity Commission's final report into childcare, which Abbott has described as a "very strong starting point" for his reforms.

The inquiry was set up by the Coalition in November 2013, as part of its pre-election commitments and final recommendations went to government in October last year but so far the report has not been tabled in parliament and publicly released.

Under the statutory requirements for Productivity Commission reports, the government has until March to table it, and Social Services Minister Scott Morrison would not reveal when it would be coming out, only saying it would be "released in due course".

When specifically asked by Fairfax Media, Morrison refused to confirm whether the government was still considering federal funding for nannies, or extending working visas for au pairs, simply saying that "the government's priority when it comes to childcare is on creating a

support system that delivers proper outcomes for families."

LET'S FIX THIS MESS: BIG NUMBERS ON LITTLE PEOPLE

1 million - Australian families using formal childcare

153,000 - Australian early childhood educators

\$6 billion - annual cost of taxpayer-funded childcare subsidies.

\$7 billion - tax revenue generated by women with children in formal care

150 per cent - increase in childcare fees between 2003-13.

\$75 - Australian average daily childcare fee.

Sources: Early Learning, United Voice, NATSEM

Region: Australia and New Zealand ^[3]

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